

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**PAID UP OIL AND GAS LEASE**  
**(Restricted Surface Use)**

THIS LEASE AGREEMENT is made effective this June 17th, 2009, by and between, **SPRING LAKE PARTNERS, LTD.** A Texas Limited Partnership by: **Doug Gilliland, President of Triwest Enterprises, Inc., A Texas Corporation, as General Partner For Spring Lake Partners, Ltd** as Lessor, and **CIRCLE ENERGY**, address **PO Box 1261 Mansfield, Texas 76063** as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called "leased premises," for the purpose of drilling beneath "using directional or horizontal drilling methods only" without exploring, drilling or operating on the surface of the leased premises. Said leased premises being described as follows:

**6.557 acres, more or less, situated in the S.C. Neill Survey in Tarrant County, Texas and being more particularly described in attached "Exhibit A" all that certain tract or parcel of land situated in the S.C. Neill Survey, Abstract 1159 in the City of Mansfield, Tarrant County, Texas and being that portion of Seeton Road dedicated by the plats of Villages at Spring Lake phase 1, an addition to the City of Mansfield, Tarrant County, Texas according to the plat recorded in Cabinet A, Slide 6930, Plat Records, Tarrant County, Texas and Villages at Spring Lake Phase 3, an addition to the City of Mansfield, Tarrant County, Texas according to the plat recorded in Cabinet A, Slide 8468, Plat Records, Tarrant County, Texas as described in that certain deed dated July 23, 2001 and being more particularly described by metes and bounds as follows: See "Exhibit A"**

**8.682 acres, more or less, situated in the S.C. Neill Survey in Tarrant County, Texas and being more particularly described in attached "Exhibit A" all that certain tract or parcel of land situated in the S.C. Neill Survey, Abstract 1159 in the City of Mansfield, Tarrant County, Texas and being that portion of Seeton Road dedicated by the plats of Villages at Spring Lake phase 4, an addition to the City of Mansfield, Tarrant County, Texas according to the plat recorded in Cabinet A, Slide 10274, Plat Records, Tarrant County, Texas and and being more particularly described by metes and bounds as follows: See "Exhibit A"**

in Tarrant County, Texas, containing **15.240** gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of two (2) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be 24% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be 24% of the gross proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at Lessor's address below or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mail in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other similar facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease, and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offer or, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

15. Except as provided and permitted herein, Lessee, its successors and assigns, for and during the term of this lease, is prohibited from entering onto the surface of the lease premises for any purpose whatsoever, it being understood and agreed upon by and between the parties hereto that this lease is being executed only for subsurface operations described in paragraph one, hereof or for pooling purposes described in paragraph six hereof. Lessee agrees that Lessee shall not enter upon or conduct operations of any kind on the surface of the lease premises at any time during the term hereof, except as permitted in paragraph 10 herein.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR(S):

By: Doug Gilliland  
Doug Gilliland, President of Trivest Enterprises, Inc., a Texas corporation,  
General Partner for Spring Lake Partners, LTD

Address: 9285 Huntington Square  
North Richland Hills, Texas 76180

STATE OF TEXAS                   §  
  §       ACKNOWLEDGMENT  
COUNTY OF Tarrant         §

This instrument was acknowledged before me on the 29 day of June, 2009, by Doug Gilliland, General Partner for Spring Lake Partners, LTD.

Dustin Raughton  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:



## "Exhibit A"

### Parcel one

BEGINNING at ½ inch capped steel rod stamped "Moak Surv Inc" found in the easterly boundary line to lot 4 block 8 of said Addition, said rod being in the existing westerly right-of way line of said road and also being the beginning of a curve to the right whose center bears North 76 degrees 37 minutes 35 seconds West at 995.00 feet;

THENCE Southerly with the easterly boundary line of said Block 8 and with said curve through a central angle of 04 degrees 58 minutes 17 seconds and arc length of 86.33 feet to the end of said curve;

THENCE South 89 degrees 48 minutes 31 seconds West a distance of 1327.83 feet to the southerly boundary line of said Block 8 and the northerly right-of-way line of Seeton Rd. same being the beginning of a curve to the right whose center bears South 26 degrees 51 minutes 36 seconds East at 235.00 feet.

THENCE easterly with the southerly boundary line of said Block 8 and said northerly right-of-way line and with said curve through a central angle of 26 degrees 40 minutes 07 seconds and an arc length of 109.38 feet to ½ inch capped steel rod stamped "Moak Surv Inc" found for the end of said curve;

THENCE North 89 degrees 48 minutes 31 seconds East with said northerly right-of-way line and with the southerly boundary line of said block 8 (the basis of bearings of the herein described tract) a distance of 1111.10 feet to a ½ inch capped steel rod stamped "Moak Surv Inc" found for the beginning of a curve to the left whose center bears North 00 degrees 24 minutes 00 seconds East at 182.12 feet;

THENCE easterly continuing with said southerly boundary line and said northerly right-of-way line and with said curve through a central angle of 47 degrees 36 minutes 25 seconds and an arc length of 151.33 feet to the PLACE OF BEGINNING as surveyed by Moak Surveyors, Inc. in the month of September 2007.

### Parcel two

BEGINNING at ½ inch capped steel rod stamped "MOAK SURV INC" found for the southwest corner of lot 81 block 8 of said addition, said rod being in the westerly right-of-way line of Seeton Road.

THENCE North 00 degrees 18 minutes 31 seconds East with the easterly boundary line of said Block 8 (the basis of bearings of the herein described tract) and said westerly right-of-way line a distance of 530.26 feet to a ½ inch capped steel rod stamped "MOAK SURV INC" found for the beginning of a curve to the right whose center bears South 89 degrees 41 minutes 29 seconds East at 265.00 feet;

THENCE northerly continuing with said easterly boundary line and said westerly right-of-way line and with said curve through a central angle of 26 degrees 40 minutes 07 seconds and an arc length of 109.38 feet;

THENCE South 00 degrees 18 minutes 31 seconds West a distance of 635.73 feet;

THENCE North 89 degrees 40 minutes 57 seconds West a distance of 25.00 feet to the PLACE OF BEGINNING as surveyed by Moak Surveyors, Inc. in the month of September 2007.

## ADDENDUM

dated June 26, 2007  
DHG

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated June 17, 2009, between Doug Gilliland, President of TriWest Enterprises, Inc. as Lessor and Circle Energy, Inc. as Lessee.

### 16. AGREEMENTS SUPERSEDE

It is understood and agreed by all parties hereto that the provisions of this Addendum supersede any provisions to the contrary contained in the printed lease ("Lease") hereof.

### 17. ROYALTY

Notwithstanding any provisions to the contrary in the Lease, royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a.) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Twenty-Four percent (24%) of such production, to be delivered to Lessor free of any production or post-production costs, provided that Lessee shall have the continuing right to sell any production in its possession to itself or an affiliate at the average of the three highest prices being paid by third parties not affiliated with the seller in first sales at arms-length for oil and other liquid hydrocarbons from the same field (or if there is no such average price then available for oil and other liquid hydrocarbons from the same field, then such average price of oil and liquid hydrocarbons from the nearest field for which there is such an average price) for oil and liquid hydrocarbons of similar grade and gravity (b) for gas including casing head gas, the royalty shall be Twenty-four (24%) of the gross proceeds realized by lessee. Lessor's royalty shall be determined and delivered to Lessor free of any development, production, compression, processing, treating, gathering, transportation, delivery, marketing or other post-production costs beyond the wellhead to the point of delivery to the inlet of the gas pipeline evacuating gas from the Leased premises. Lessee shall have the continuing right to sell such gas and components to itself or an affiliate at the average of the three highest prices being paid by third parties not affiliated with the seller in the first sales at arms-length of gas and liquid hydrocarbon or other components of similar BTU content from the same field (or if there is no such average price then available for gas, liquids and other components from the same field, then such average price for production from the nearest field for which there is such an average price) pursuant to comparable purchase arrangements entered into on the same or nearest preceding date as the date on which Lessee or its affiliate commences its purchases hereunder; and (c) in calculating royalties on production hereunder, Lessee may deduct Lessor's proportionate part of any ad valorem, production and excise taxes.

### 18. PAYMENT OF ROYALTIES

Accounting and payment to Lessor of royalties from the production of oil or gas from any well shall commence no later than one-hundred-twenty (120) days after the date of first production. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made promptly within a reasonable time from production if delivered in kind or from receipt of Lessee if sold or used or removed from said land by Lessee, and in no event later than the last day of the second calendar month following the calendar month in which the production, use, removal, or sale occurred. Unless otherwise herein expressly provided, any royalties or other payments provided for in the Lease which are suspended or not paid to Lessor within the time period specified therefore shall accrue interest at the rate of interest specified or generally applicable to judgments in Texas compounded daily (but not to exceed, and limited to, the highest rate which may be legally contracted for by parties in the position of Lessor and Lessee) from due date until paid. Acceptance by Lessor of royalties which are past due shall not act as a waiver or estoppel of Lessor's right to receive or recover any and all interest due thereon under the provisions hereof unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. The rights of Lessor under this paragraph shall be in addition to, and not in lieu of, all rights Lessor may have as to payment of royalty under Texas law, including, without limitation, V.T.C.A. Natural Resources Code 91.401 through 91.405. Following 30 days prior written notice, Lessor shall have reasonable access to the books, records and drilling and production data (excluding interpretive data) and related information of Lessee to the extent the same relate to wells drilled on said land or on land with which all or part of said land is pooled. Such access to this information shall be limited to an annual basis only and during the normal business hours of Lessee.

### 19. SHUT-IN ROYALTIES

It is expressly agreed and understood that Lessee's right to maintain this Lease in force after the expiration of the primary term hereof by the payment of shut-in gas royalty under the Lease shall be limited to 36 months in the aggregate. In determining the cumulative period in which a well may be shut-in, periods in which a well is shut-in because of (a) downstream pipeline malfunction, maintenance or repair (b) curtailment by downstream purchasers or transporters of gas or (c) matters of force majeure shall not be considered or count against such cumulative period. In the event Lessee defaults in the timely payment of shut-in royalty hereunder, and said default continues for a period of sixty (60) days after written notice from Lessor of said default then this lease shall terminate. Further notwithstanding the provisions contained in the Lease the annual shut-in payment amount shall be \$25.00 per net mineral acre. If, after such 36 month period has expired and Lessee is thereafter required to shut-in all well(s) on the lease due to inability to (1) obtain a reasonable market for the gas or (2) where Lessee does have a gas contract but Lessee's purchaser of gas refuses or is unable to purchase and take such gas due to no fault of Lessee, then Lessee may pay or tender to the Lessor at the address last given to Lessee, as royalty, at annual intervals, a sum equal to \$25.00 Dollars per net acre for each acre then subject to this Lease and it will be considered that gas is being produced

\$100.00  
DHG

\$500.00  
100.00  
DHG

twenty-four (24)  
DHG

from this Lease in paying quantities during any period for which payment is made. Such payments shall be made no later than ninety (90) days after the date the wells are shut in or the Lease is not otherwise maintained, whichever is later, and subsequent payments, if Lessee is still unable to market such gas for the above reasons, will be due annually thereafter (if this Lease is not being otherwise maintained in force) on the anniversary date of the period for which the prior payment is made.

#### 20. OIL AND GAS ONLY

Notwithstanding any other provision in the printed Lease, it is understood and agreed that this Lease covers and includes oil and gas only (including with oil and gas, all constituent elements thereof and all other liquefiable hydrocarbons and products of every kind or character derived there from and produced therewith from the well bore, including sulfur), and that all minerals other than oil and gas are expected here from and reserved to Lessor solid mineral such as iron, coal, sand, gravel, clay, uranium, and sulphur (apart from sulphur produced through the well bore) are excluded from this Lease.

#### 21. POOLING

Notwithstanding any other provision in the Lease, in the case of pooling hereunder, all of the Lease premises shall be included in any unit so formed.

#### 22. SURFACE OCCUPANCY

Lessee does not by virtue of this Lease acquire any rights whatsoever to conduct any operations on the surface of the Lease premises without first obtaining the prior written consent of Lessor, however, Lessee may recover oil, gas and associated hydrocarbons from the Lease premises by directional or horizontal drilling, pooling, unitization or any other method provided in this Lease.

#### 23. DEPTH LIMITATION CLAUSE

This Lease is specifically limited in scope to only those formations and geologic strata under the described lands located between the surface of the ground and down to and 100 feet below the deepest producing formation of any well drilled upon the leased premises or acreage pooled therewith within the primary term of this lease. All formations and strata and all oil, gas and other minerals therein located, as well as all rights to explore and drill therefore below said prescribed depth, are expected from this lease and reserved unto and fully retained by the Lessor. The Lessor also reserves, retains and holds unto Lessor all necessary rights of ingress and egress with drilling equipment and other equipment for the purpose of fully developing and exploring for oil, gas and other minerals into the lower formations herewith reserved.

#### 24. WELL INFORMATION

If requested in writing by Lessor, whenever Lessee files a report with the Railroad Commission of Texas or other governmental authority having jurisdiction, including, but not limited to, applications to drill, well tests, completion reports, plugging records and production reports, Lessee shall, at the time, deliver a copy of the report to Lessor.

#### 25. INDEMNITY AND INSURANCE

LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR INJURY TO OR DEATH OF PERSONS AND LOSS OR DAMAGE TO PROPERTY, INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY LESSEE'S OPERATIONS ON THE LAND OR LESSEE'S MARKETING OF PRODUCTION FROM THE LAND OR ANY VIOLATION OF ANY APPLICABLE ENVIRONMENTAL REQUIREMENTS BY LESSEE, AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYERS, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS. AS A CONDITION PRECEDENT FOR LESSOR'S RIGHT TO ENFORCE THIS INDEMNITY, LESSOR SHALL NOTIFY LESSEE IN WRITING OF ANY CLAIM ASSERTED AGAINST LESSOR, WITHIN 30 DAYS AFTER SUCH CLAIM IS ASSERTED AND LESSOR SHALL GIVE FULL DETAILS OF SUCH CLAIM. LESSEE SHALL HAVE THE RIGHT AT ANY TIME TO TAKE OVER THE DEFENSE OF ANY SUCH CLAIM. IN ANY EVENT, LESSOR SHALL KEEP LESSEE FULLY ADVISED OF THE STATUS OF THE CLAIM AND NO SETTLEMENT OF ANY CLAIM SHALL BE MADE WITHOUT LESSEE'S WRITTEN CONSENT. LESSEE'S INDEMNITY OBLIGATIONS SHALL TERMINATE UPON THE EARLIER OF THE EXPIRATION OF ANY APPLICABLE STATUTE OF LIMITATIONS OF FOUR YEARS AFTER TERMINATION OF THIS LEASE. At all times while this Lease is in force, Lessee shall self insure or acquire and maintain insurance covering all of its operations on the land, including any work performed on its behalf by contractors, subcontractors, and others, naming Lessor as an additional insured. The policies shall include coverage of comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean up and reasonably practical surface remediation.

#### 26. RELEASE

Upon expiration of this lease for any reason as to all or any portion of the leased premises, Lessee shall be obligated at its expense to promptly prepare, execute and within forty-five (45) days of such expiration or termination file in public records in the county in which said leased premises is located an appropriate release instrument covering all or such portion of said leased premises as may be applicable hereunder, and to promptly forward a copy of same as so recorded to Lessor. The provisions of this paragraph shall apply each time that a termination occurs.

#### 27. NO WARRANTIES

Lessor makes no warranty of any kind with respect to title to the land. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to title to the land, and Lessee assumes all risk of title failures, subject only to the provisions set forth herein. ~~If Lessor owns an interest in the land less than the entire fee simple estate, then the royalties and shut-in royalties payable hereunder will be~~

*DR*

reduced in proportion that Lessor's interest bears to the whole and undivided fee and in accordance with the nature of the estate owned by Lessor. Further, if Lessor owns less than the full bonus right of the mineral estate in and under the land, the bonus consideration paid for this lease shall be proportionately reduced and any overpayment of bonus refunded to Lessee within 30 days of Lessee providing Lessor with an opinion of counsel that Lessor owns less than the full right to bonus. Lessee, at this option, may discharge any tax, mortgage, or other lien on the land that is in default, and in the event Lessee does so, Lessee will have the option of applying the royalties accruing to the Lessor who is in default toward payment of any amounts so discharged. DITZ

#### 28. CESSATION OF PRODUCTION

If, at the expiration of the primary term of this lease, oil and or gas are being produced in paying quantities, but production ceases from any cause, this Lease shall not terminate as to the governmental proration unit attributable to the well or wells affected thereby if Lessee commences reworking or additional actual drilling within ninety (90) days thereafter, and such reworking or additional drilling is diligently prosecuted with no cessation of more than ninety (90) days, and production in paying quantities thereafter resumes.

#### 29. ATTORNEY'S FEES

In the event Lessor or Lessee shall be required to employ legal counsel for the enforcement of any provision of this Lease or Addendum, upon receipt of a final unappealable judgment, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses incurred in such proceeding. DITZ

#### 30. LAW AND VENUE

The rights and duties of the parties under the Lease shall be governed by the laws of the State of Texas. Venue for any action arising hereunder shall lie in Tarrant County, Texas.

#### 31. MEMORANDUM OF LEASE

The parties hereto agree that a Memorandum of Lease may be recorded in the Public records of Tarrant County, Texas, to evidence the existence of this Lease.

#### 32. BINDING EFFECT

This Lease and Addendum shall be binding on the parties hereto and their successors, assigns, heirs and legal representatives.

33. Payment of Bonus. Payment will be by certified check to Spring Lake Partners on or before July 9, 2009. DITZ

SIGNED FOR IDENTIFICATION:

LESSOR:

SPRING LAKE PARTNERS, LTD.

A Texas Limited Partnership by:

Doug Gilliland, President of Triwest

Enterprises, Inc. A Texas Corporation, as

General Partner for Spring Lake Partners, LTD

By: Doug Gilliland

Title: Managing Partner

Date: June 29, 2009

LESSOR:

CIRCLE ENERGY, INC.

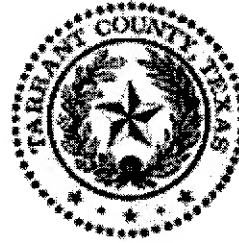
By: [Signature]

Title: President

CIRCLE ENERGY  
P O BOX 1261

MANSFIELD TX 76063

Submitter: CIRCLE ENERGY



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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 06/29/2009 02:26 PM  
Instrument #: D209172346  
LSE 7 PGS \$36.00

By: \_\_\_\_\_



**D209172346**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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